

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Marshall Johnson
Ken Nickolai
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Review of the 2005 Annual
Automatic Adjustment of Charges for All
Electric and Gas Utilities

ISSUE DATE: July 28, 2006

DOCKET NO. E, G-999/AA-05-1403

ORDER ACCEPTING ELECTRIC UTILITY
COMPLIANCE FILINGS AND ANNUAL
REPORTS AS CONDITIONED

PROCEDURAL HISTORY

On September 1, 2005, all of the Commission-regulated electric utilities except Northwestern Wisconsin Electric Company (the Electric Utilities or the Companies)¹ submitted annual automatic adjustment (AAA) reports covering the twelve-month period from July 1, 2004 through June 30, 2005.

On September 23, 2005, the Commission granted the Minnesota Department of Commerce's (the Department's) request for an extension to file comments on these annual filings until March 17, 2006. The filing date for reply comments was extended until April 7, 2006.

On February 28, 2006, the Commission issued its ORDER ACTING ON CERTAIN GAS UTILITIES' ANNUAL REPORTS AND TRUE-UP PROPOSALS, DEFERRING ACTION ON OTHERS, AND SETTING FURTHER REQUIREMENTS.

On March 17, 2006, the Department submitted its Review of the 2004-2005 Annual Automatic Adjustment Reports (Review or Report) for the Commission-regulated electric utilities in Minnesota.

On April 7, 2006, Xcel submitted reply comments.

¹ Dakota Electric Association, Interstate Power & Light Company, Minnesota Power, Otter Tail Power Company, and Xcel Energy - Electric (collectively, the Electric Utilities or the Companies.)

The Commission met on June 29, 2006 to consider this matter.²

FINDINGS AND CONCLUSIONS

I. Background

The electric and gas utilities are required to prepare annual reports regarding their automatic adjustment mechanisms (annual automatic adjustment reports or AAA reports) in accordance with Minn. Rules, Parts 7825.2390 through 7825.2920. In addition, these reports include compliance information required by the Commission in previous AAA dockets and compliance information required by the Commission in other dockets.

II. The Department's Comments

The Department reviewed all of the Electric Utilities' filings related to this docket (i.e. the Electric Utilities' AAA reports and compliance filings) but did not make recommendations regarding the electric fuel adjustments that were reported in this docket because, as the Department noted, several matters related to the companies' fuel costs and fuel clause adjustment mechanisms are currently under investigation or are pending matters on the Commission's docket. The Department specifically noted the following related open dockets:

- Investigation into the appropriateness of continuing to permit electric energy cost adjustments: Docket No. E-999/CI-03-802.
- Investigations into specific automatic adjustments of Otter Tail Power Company and Xcel Energy-Electric: Docket Nos. E-017/AA-05-1228 and E-002/AA-05-1247.
- Investigations regarding costs from MISO's Day-2 Market: Docket Nos. E-002/M-04-1970; E-015/M-05-277; E-017/M-05-284; and E-001/M-05-406.
- Xcel's general rate case,³ insofar as it pertains to recovery of fuel and purchased power costs, the transfer of a spare transformer from Xcel's Black Dog plant to Xcel's affiliate in Texas, and costs of MISO on Schedules 10, 16 and 17.

² At this meeting, the Commission considered another issue related to this docket: the class action lawsuit on behalf of all persons who purchased, sold, or settled New York Mercantile Exchange (NYMEX) Natural Gas Contracts between June 1, 1999 and December 31, 2002. On July 19, 2006, the Commission issued an Order addressing the NYMX lawsuit issue: ORDER REQUIRING ADDITIONAL INFORMATION IN 2006 ANNUAL AUTOMATIC ADJUSTMENT REPORTS AND REQUESTING COMMENTS.

³ Docket No. E-002/GR-05-1428.

III. The Commission's Compliance Filing Review

Based on the Department's comments and the Commission's own review, the Commission finds that the compliance filings submitted with the fiscal year 2005 electric annual automatic adjustment reports are in general compliance with Commission Orders.

IV. The Commission's Electric AAA Report Review

In addition, the Commission finds that the Companies' fiscal year 2005 AAA reports as filed, revised, and/or supplemented are in general compliance with Minn. Rules, Parts 7825.2390 through 7825.2920, and are generally acceptable.

However, as the Department noted, investigations involving some of the Companies have not been completed. For those companies, the Commission finds it appropriate to condition its acceptance of these Companies' fiscal year 2005 electric annual automatic adjustment reports on the Commission's ultimate resolution of those dockets, as set forth with specificity for each company in the Order Paragraphs.

ORDER

1. The Commission hereby accepts the compliance filings submitted by Dakota Electric Association, Interstate Power & Light Company, Minnesota Power, Otter Tail Power Company, and Xcel Energy - Electric (collectively, the Electric Utilities or the Companies) with their fiscal year 2005 electric annual automatic adjustment reports as being in general compliance with Commission Orders.
2. Regarding Dakota Electric Association (DEA), the Commission accepts the fiscal year 2005 annual automatic adjustment reports as filed, revised, and/or supplemented by DEA as being in general compliance with Minn. Rules 7825.2390 through 7825.2920.
3. Regarding Interstate Power & Light - Electric (IPL), the Commission accepts the fiscal year 2005 annual automatic adjustment reports as filed, revised, and/or supplemented by IPL as being in general compliance with Minn. Rules 7825.2390 through 7825.2920, conditioned on Commission resolution of the Department's investigation into MISO Day 2 cost recovery in Docket No. E-001/M-05-406.
4. Regarding Minnesota Power, the Commission accepts the fiscal year 2005 annual automatic adjustment reports as filed, revised, and supplemented by Minnesota Power as being in general compliance with Minn. Rules 7825.2390 through 7825.2920, conditioned on Commission resolution of the Department's investigation into MISO Day 2 cost recovery in Docket No. E-015/M-05-277.

5. Regarding Otter Tail Power (OTP), the Commission accepts OTP's fiscal year 2005 annual automatic adjustment reports, including Otter Tail's annual auditor's report, as filed, revised, and/or supplemented, conditioned on:
 - (a) a finding in the pending investigation into the report to OTP's ethics hotline, in Docket No. E-017/M-04-1751, that the issues in that docket are unrelated to OTP's handling of its fuel clause in this docket;
 - (b) Commission resolution of the Department's investigation into OTP's May and June 2005 fuel costs in Docket No. E-017/AA-05-1228; and
 - (c) Commission resolution of the Department's investigation into MISO Day 2 cost recovery in Docket No. E-017/M-05-284.
6. In its next rate case, OTP shall report on its options for delivery of fuel to its generation plants, as recommended by the Department of Commerce, in the Department's December 9, 2005 comments in Docket No. E-017/AA-05-1228.
7. Regarding Xcel Energy - Electric (Xcel), the Commission accepts Xcel's fiscal year 2005 electric annual automatic adjustment reports, including Xcel's annual auditor's report, as filed, revised, and/or supplemented, conditioned on:
 - (a) Commission resolution of the Department's investigation into Xcel's Spring and Summer 2005 fuel costs in Docket No. E-002/AA-05-1247; and
 - (b) Commission resolution of the Department's investigation into MISO Day 2 cost recovery in Docket No. E-002/M-04-1970.
8. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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